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SUBJECT: NEPAL POISED FOR MAJOR FOOD SECURITY  
INVESTMENTS

#### Summary

1. (SBU) Nepal is poised for major investments that could significantly reduce food insecurity and poverty. As a small country which has successfully piloted several global initiatives, Nepal is ready for investments to reduce poverty on a national scale. The Government of Nepal (GON) has begun to undertake positive actions and has requested the USG to assume a leadership role among donors in assisting Nepal to address long-term food security needs. With a population of 27 million, Nepal is a severely food-deficit country struggling to recover from a 10-year conflict. More than 55% of Nepalese live on less than \$1.25/day, and malnutrition levels are on par with some of the worst countries in Africa. The USG should not forego this opportunity to advance U.S. interests through timely and appropriate funding for food security programming in Nepal.

#### The GON: A Strong Development Partner

2. (SBU) The GON has made food security a priority and is very enthusiastic about increased assistance. Through proactive internal and external coordination and revision of its previous three-year strategy on food security, the GON has demonstrated a commitment to significantly reduce food insecurity and poverty in Nepal.

3. (SBU) As a nascent democracy, the GON needs to demonstrate that it can deliver peace dividends in the form of basic services to its citizens. USG assistance is critical to support GON-led efforts that foster a path to sustainable development and prevent a return to instability and conflict.

4. (SBU) Throughout the conflict and the recent

political instability, USAID has implemented highly successful programming with measurable impacts. The current political transition has not impeded USAID's recent development efforts and would likely not affect future programming.

¶5. (SBU) Nepal has an excellent track record in piloting ground breaking development programs, even during periods of instability. Large-scale and innovative food security programming in Nepal has the potential to be highly successful and a possible model for global scale-up.

#### A Severely Food-Deficit Country

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¶6. (SBU) Each year, 66% of Nepalese suffer from food insecurity. Nepal remains the poorest country in South Asia and the 13th poorest country in the world (based on gross national income per capita). The rate of stunting among under-five children is 49% (surpassing Sudan) and the rate of underweight is 39% (exceeding Ethiopia).

¶7. (SBU) As a result of recent climatic events and conflict, agricultural productivity has significantly declined. Furthermore, Nepal's landlocked location between India and China and reliance on the import of almost all agricultural inputs, makes it vulnerable to international commerce variability, export bans and limited market access.

KATHMANDU 00000145 002 OF 002

#### Poised for Immediate Action

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¶7. (SBU) The USG has a long and successful history in Nepal with over sixty years of development experience. Numerous interventions to improve agricultural productivity and household nutrition levels have been effectively implemented by USAID and other donors in recent years.

¶8. (SBU) Nepal is in a unique position to adopt and disseminate a series of community-based food security and nutrition initiatives through the mobilization of key community-level entities which operate on a national scale. There are more than 50,000 female community health volunteers and a strong national network of community forest user groups which are poised to undertake additional activities with USAID support.

¶9. (SBU) Should additional funding resources be made available, three USAID activities are currently ready to be taken to a national scale to address food insecurity. USAID is also in the process of signing an agreement with the Ministry of Agriculture to directly fund select GON food security activities.

¶10. (SBU) Moreover, bilateral and multilateral donors are looking to the USG for strong leadership in forging the way on sustainable solutions to food insecurity.

#### Post Comment

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¶11. (SBU) Given the progress with the GON and other donors that has been made by Post, there is a window of opportunity for the USG to take a significant leadership role in this important area, thereby helping to re-establish the positive image of the USG overseas. Situated between India and

China, the image of the USG in this strategic location is important to furthering U.S. foreign policy goals.

¶12. (SBU) However, current investment levels (reflected in the FY2010 & FY2011 budgets) are insufficient to effectively address the food security needs in Nepal on a major scale. A strong partnership with the GON and a long and successful development history have laid the foundation for future food security programming success. Immediate investments in food security in Nepal will have a significant impact and positively advance U.S. interests.

CAMP